August 2, 1961

Investor's Reader

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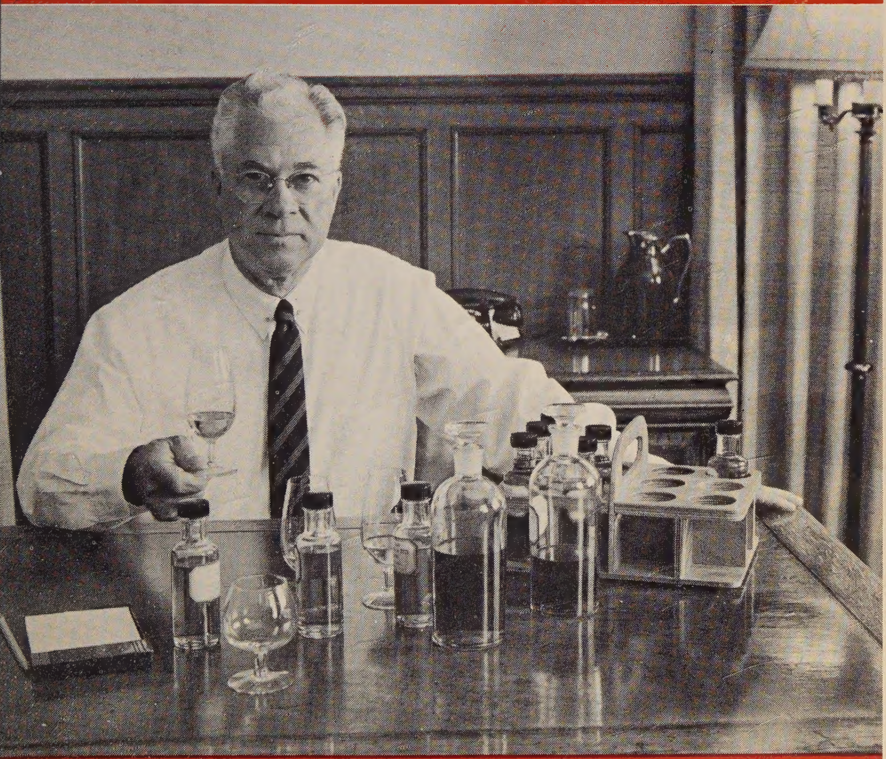

BURDETTE FORD UPHOLDS HIRAM WALKER SPIRITS (see page 21)

HOT SHOPPES LUAU

Stuffy regulations prevent Miss Pennsylvania from posing in a swimsuit prior to the Miss America contest at Summer's end. Consequently the impatient management of Hot Shoppes Inc, which was ready to unveil its Philadelphia Marriott Motor Hotel two weeks ago, quickly recruited this pleasant looking bather to view the motel's authentically decorated & cuisined Kona Kai restaurant. Located "just off the Schuylkill Expressway and less than ten minutes" from the center of town, the $5,000,000 hostelry features 300 rooms, three restaurants, an Olympic-size swimming pool, an ice skating rink, stenographers and helicopter service to the Philadelphia airport.

This is the fourth motel in the Marriott chain. The Hot Shoppes subsidiary is named for Utah-born John Willard Marriott who opened his first A&W Root Beer Stand in Washington, DC in 1927. This was the start of the Hot Shoppes chain which has now expanded to 90 units in eleven states including restaurants (mostly on highways) and cafeterias under the Hot Shoppes, Mighty Mo, Charbroiler signs. Some of the restaurants contain Pantry House take-home sections. Hot Shoppes also caters at nine airports, "a number of duPont plants" and a new installation at Sibley Hospital in the capital. A five-year, $35,000,000 expansion plan, all to be paid for out of depreciation and retained earnings, calls for another 60 "food service" units and seven more Marriott motels.

The expanding chain attained volume of $55,000,000 in the July 1960 year, 19% over fiscal 1959 and double five years ago. However a bad winter along with expansion expenses depressed fiscal 1960 profits to $1,200,000 or 68¢ a share from 93¢ the year before. In the first half of fiscal 1961 earnings dropped further to 21¢ from 37¢ despite 5% higher revenues. However for the year just ended in July executive vp Milton Barlow predicts not only higher sales "by the very nature of our expansion program" but also profits "improved over last year" though he feels they "will not reflect our true potential."

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BUSINESS AT WORK

DRUGS
Hands Across The Sea

AMERICAN firms investing overseas have shown serious apprehension about Government proposals to tax their unremitted overseas earnings but the urge to push on abroad so far seems undiminished. Witness a recent rhetorical question in London's *Financial Times:* "What exactly is it about BDH that makes American companies so anxious to link with it?" It seems British Drug Houses Ltd has not one but two US suitors, Mead Johnson & Company and William R Warner & Company, subsidiary of Warner-Lambert. The issue was still undecided at presstime.

FARM EQUIPMENT
Tractor Supply Workings

ONE OF THE very few concerns to show consecutive sales and earnings gains ever since it opened its doors is 23-year-old Tractor Supply Company of Chicago. The small, $6,800,000-assets company runs a chain of 59 stores, mainly in the Central States and California, which sell replacement parts for farm machinery as well as tools and other farm accessories.

Since 1954 the company's volume has tripled to $12,100,000 in the year ended last October. In the same period profits climbed from $234,000 or 19¢ a share to $1,326,000 or $1.11 a share. The pace continued in the first half of this fiscal year as net income advanced 23% to 43¢ a share on a 24% sales increase.

This snappy company was founded by Chicago-born, University of Chicago-educated Charles E Schmidt when he was only 26. He is now chairman and attributes his company's success to, "one, we have kept expanding. After the war we began adding three-to-five branches a year. Now we are opening stores at the rate of one a month."

Second, "we've continued to broaden our lines." The company

started out doing a mail order business in tractor parts and attachments, now vends "a few thousand basic items" including parts for everything from combines to corn pickers to sprayers. Tractor Supply replacement parts are interchangeable with original equipment in farm machinery made by International Harvester, Deere, Massey-Ferguson, Case.

The company also supplies the farmer or rancher with guns & ammunition, twine, paint, hand tools and even Merck animal pharmaceuticals. Soon Tractor Supply will sell private-brand tires under an arrangement with "one of the Big Four rubber companies." Turning to the profit column Charlie Schmidt notes: "As our volume goes up, we are able to drive sharper deals with our suppliers."

Personnel Assets

Charlie Schmidt quickly states "our principal asset is our personnel." Vice president Gardner Abbott joined the company in 1939 as manager of the first Tractor Supply branch in North Dakota; president Wesley V Walker came the following year with the second store (Omaha). The 49-year-old chairman enthuses about his vice president, also 49, and president who is 54. "Gardner Abbott keeps the screws on expenses down tight. We have a very juicy profit margin"—over 20% before tax. "Wesley Walker is a sheer genius in wringing the last drop of blood from a supplier."

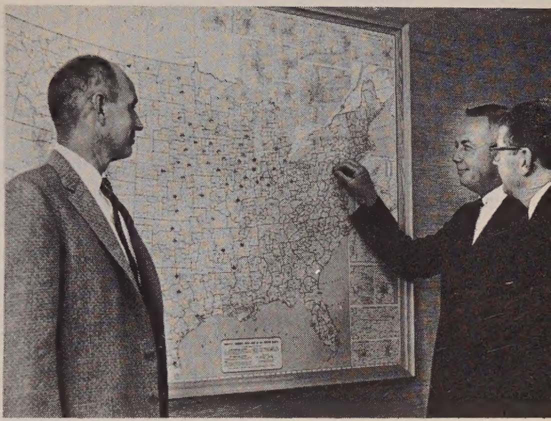
Except for a maker of cotton picker spindles which it purchased last Summer, Tractor Supply has no manufacturing operation. However Charles Schmidt allows "we will take further acquisition action soon." The company now buys its goods from 4-to-500 suppliers and "from some we take as much as 95% of their production." Headman Schmidt has "the feeling as time goes on we will have to get more into the manufacturing end but I really prefer not to. We have a beautiful formula now—we take over our suppliers' sales burden and leave them free to operate the plant."

Chairman Schmidt relates: "We compete with the big manufacturers' dealer organizations, also with mail order houses, chains like Gamble-Skogmo, many independents and even tractor wreckers. But no one company parallels what we do."

Tractor Supply "aims to undersell the normal dealers' list price by 20-to-25%." This is possible and profitable because by eliminating the distributor-jobber-dealer system Tractor Supply "takes only one cut" from manufacturer to customer. Executive Schmidt adds: "Another reason the farmer comes to us is parts availability * * * we always maintain a reasonable supply." Finally "a farmer could spend days rounding up his needs" but in one stop at Tractor Supply "he could buy, for example, a fan belt for his Massey-Ferguson tractor, a chain for his John Deere combine, a new mower knife or just about everything he needs."

Charlie Schmidt claims the customers come in both good & bad times. "In 23 years there has been no correlation between farm

economy and our sales. In tough periods a farmer will come to see us instead of calling a mechanic." In lean years a farmer also is more likely to "make do" by replacing parts in his old equipment rather than buy new. Then "as things get better the farmer will buy items he did without" such as company-developed hydraulic accessories for tractors and conversion kits to increase horsepower on old farm machinery.



Schmidt, Abbott and Walker team

Crop conditions affect the company but "as long as a farmer has any crop at all he needs machinery which needs parts." With geographical diversification (the company is in 20 states) "it is hard to imagine the weather in one area affecting a large part of our business. For example in the mid-Fifties our Texas and Oklahoma stores suffered terrifically because of the drought but our other stores managed to carry them."

Tractor Supply will further widen its territory in September when it opens its first store east of the Alleghenies in Harrisburg, Pa. "It is our intention to expand further in this area but this is our initial penetration and there may be a few things we will have to learn."

Well known to its "nearly 500,000 customers," Tractor Supply is fairly new to Wall Street. The company went public in 1959 when 480,000 Class A shares were sold at $12 each. In March 1960 the stock was listed on the Big Board at 22. It started a powerful climb to a peak of 64 before a 3-for-2 split last month. The split shares now trade around 39 which is 10% below the adjusted high, 170% above the original listing price and a heady 35 times earnings.

In March the company raised its quarterly dividend 35% to 22½¢ on the new shares. At the same time directors declared an initial 5¢ dividend on the 450,000 Class B shares which are all held by management and mostly by chairman Schmidt & wife. He says bluntly: "I needed the money."

In the future Charlie Schmidt looks to more machinery on the farm. "Today's farmer has a capital investment per worker of about $30,000 against $15,000 for industry. Within ten years it is predicted this figure will reach $65,000 per farm worker." In the meantime chairman Schmidt expects "in fiscal 1961 we will again do better than ever before. We hope to keep the percentage gain of the first half for the full year."

ELECTRICAL EQUIPMENT
Listless Half

AMONG the earliest to report first half results were the nation's two top electricians. Despite some recent upturn, neither fared particularly well.

General Electric managed a 3% sales increase but net income dipped 19% to $93,500,000 or $1.05 a share (6¢ of it nonrecurring) from $1.26. Junior companion Westinghouse did worse. For the second time this year it failed to earn its 30¢ quarterly dividend. Volume dipped 3½% and profits fell to $19,600,000 or 54¢ a share from 1960's near-record $40,-500,000 ($1.14). However both concerns showed nice second quarter gains over their dismal first periods.

Westinghouse president Mark W Cresap Jr explained "operating results continued to reflect" soft prices, higher labor and materials costs and the general business decline. But he also noted "considerable improvement in June," specifically mentioned the appliance market. Both Westinghouse and GE do roughly one-fourth of their volume in consumer goods, one-half in industrial & utility equipment and the remainder in Government work.

At GE, chairman-president Ralph J Cordiner mentioned consumer items and industrial components (appliance motors, electronic equipment) as contributors to the sales climb. Also "defense sales continued at a high level and orders from overseas customers made particularly strong gains." However, "heavy capital goods have not yet reflected any upturn." Altogether, orders received so far this year are "3% above those of a year ago" for GE. Westinghouse "is only willing to say" orders in the second quarter topped the first by 19%.

Last year Westinghouse netted $79,000,000 or $2.22 a share. This was only exceeded by the $2.43 (21¢ of which came from a nonrecurring gain) earned in 1959 on fewer shares and the $2.39 of peak operating profit year 1954. General Electric which was hampered by a fourth quarter strike last year earned $200,000,000 ($2.26 a share), its poorest performance in six years. For this year Wall Streeters figure Westinghouse will be hard put to make up the first half decline and likely net under $2 a share while GE will probably recover a bit, finish in the $2.35-to-2.40 area.

The stocks of both companies, depressed in part by the Government's antitrust suits, trade well below their highs. Investors (some 420,000 hold GE as against 160,000 for Westinghouse) have always paid a higher premium for GE which sells at 62, down a dozen points from this year's high and a third below the alltime peak posted in 1959-60. Westinghouse at 42 is off eight points this year and 23 below its 1960 pinnacle.

FOODS
Fairmont Fest

ONCE primarily a purveyor of butter, chicken & eggs and turkeys, Fairmont Foods Company of Omaha is now the nation's No 6 dairy with four-fifths of its sales in ice cream, milk and cottage cheese. Moreover Fairmont has a foothold in the mushrooming field of snack

foods. Comments Fairmont president Erhart ("it's quite a moniker") Edquist: "Potato chips are the fastest growing segment of our business—right at the moment. We're looking at more acquisitions both in snack foods and also in the dairy field."

Initially Fairmont fattened its dairy line by "emphasizing dairy products in our sales planning" but the biggest boost came last Thanksgiving when 77-year-old Fairmont purchased 85-year-old Abbotts Dairies of Philadelphia for 480,000 Fairmont common shares plus 60,000 shares of a new \$2.50 preferred. Since then Fairmont common has been split 2-for-1 and the new shares trade on the Big Board around 27, an alltime high. Based on the 25¢ quarterly dividend, upped 25% in June, the 2,400,000 shares now outstanding yield 3.5%.

Abbotts Cream

Using the Quaker City as nucleus, Abbotts sells its milk and ice cream (biggest brand: Jane Logan) in seven Eastern states which represent "absolutely new" territory to Fairmont. The latter operates mainly west of the Appalachians in 26 states. Both dairies maintain direct home selling routes (Abbotts still uses 40 horse-drawn wagons in parts of Philly) along with big wholesale operations.

At the time of the marriage Abbotts was roughly half the size of Fairmont with an annual volume of \$53,700,000. But Abbotts has enjoyed higher profit margins so each company netted just under \$1,700,000 in the year ended February 1960.

For the 1960/61 fiscal year Fairmont treasurer Paul F Seiger admits:

1-hp delivery in Philly

"Without Abbotts we would have shown a very moderate decline in profits." Fairmont was unable "to pass on to the consumer higher raw material costs and operating expenses" of its established dairy operations. The increased Abbotts profits were abetted by "discontinuance of some unprofitable operations; for instance, one Wisconsin milk plant was sold."

Including Abbotts for the full period, Fairmont volume in 1960/61 came to \$156,500,000 and profits inched ahead to \$3,330,000, a mere \$6,000 above the pro forma total for 1959/60. Share earnings were \$1.39 *v* a pro forma \$1.38. However the \$1.39 represents a nice jump over the \$1.22 figure for Fairmont alone in 1959/60.

In the first (May) quarter of this year Fairmont sales climbed 5%, net income raced ahead 16% to \$917,000 which, on more stock and after preferred dividends, works out to 36¢ a share *v* 33¢. This time "the Fairmont group showed an increase" while Abbotts ice cream sales were affected by the retarded Spring in the East. Paul Seiger says "both companies improved in May. And the

last few weeks have been very good ice cream weather."

Currently Fairmont "is earning at the rate" of around $1.50 a share for the full year. Moneyman Seiger states "obviously we will do everything we can to maintain or improve that rate." And while Erhart Edquist warns "there are some factors such as weather and price cutting—certain of our markets are very local—which we can't foresee," on the whole the Kansas-born, 63-year-old president is "very optimistic."

Fairmont also counts on further gains from its snack food trio:

- Kitty Clover, acquired in March 1959, processes and distributes potato chips in Omaha and six Midwestern states.
- Austin Biscuit of Baltimore, bought a year ago, nationally distributes its peanut butter-cracker sandwiches.
- Kas Potato Chip Company is big in St Louis, eastern Illinois and three surrounding states. Fairmont acquired it this May for 172,000 of its new shares.

All three companies "are roughly the same size." This year Fairmont's "share of the snack food market will be over $10,000,000, a sound base on which to plan further expansion. A logical step to which we are giving some thought right now is manufacture of related snack items, corn chips and the like" which Fairmont's potato chippers already distribute. Also "we have completed a 14,000 square foot addition to Austin's plant and added new baking equipment. In the Fall Austin will introduce some baked products, such as a small chocolate covered cake roll, primarily designed for sale via vending machines."

But Erhart Edquist, a 44-year Fairmont faithful who became president in 1959, is not forgetting his basic dairy operations. "We are constantly working on new items" such as dairy diet drinks as well as "developing new ice cream flavors like peaches & cream and cherry chip." Other new sales stimulators: a longer lasting sour cream, frozen dietary desserts and non-carbonated fruit drinks.

METALS
Hudson Bay Mining Dollar

ALTHOUGH the discount-priced Canadian dollar is disturbing to some political factions in Ottawa, it may prove a much-needed shot in the arm for Hudson Bay Mining & Smelting Company Ltd. Canada's No 2 copper producer (after International Nickel), Hudson Bay also mines zinc, lead, cadmium, selenium, gold and silver, exports much of its output to the US. Under the present exchange rate it receives $1.03 Canadian for every US dollar's worth of goods it sells; a year ago it could get only 95¢. The advantage is lessened somewhat by the resulting higher ore royalties and taxes and the fact ocean freight charges are payable in US dollars but the company figures it still should come out ahead.

The main operations of Hudson Bay Mining & Smelting are located some 300 miles inland from its geographic namesake. They center around Flin Flon, Manitoba, just east of the Saskatchewan line. Here

complex of metallurgical facilities nclude a concentrator and copper melter as well as cyanide, zinc, cadnium and fuming plants.

Here, too, is the company's bigest mine—the Flin Flon—which ıst year yielded some 1,250,000 tons f ore. A few miles to the south is ne Schist Lake mine from which 15,000 tons of ore were extracted ıst year. Two new mines were rought into production in 1960—ıe Coronation in April and the hisel Lake in September. This gives Iudson Bay four properties in curent operation plus two more under evelopment.

The Coronation mine is across the order in Saskatchewan but the 14 niles to Flin Flon are easily traersed via a company-owned raiload. Coronation assays a rich coper deposit (4.33%) but apparently ontains only three years worth of eserves. By present estimates it hould be exhausted just about the ime the Stall Lake mine, now in the ateral development stage, is to be eady for production. The Stall Lake roperty is quite near the new Chisel ake mine, both some 70 miles east f Flin Flon near the town of Snow ake. Unlike its fellow debutant Cornation, Chisel Lake is thought to be vorkable for at least 15 years.

Thirteen miles northeast of Snow ake is the Osborne Lake mine now n initial stages of development and robably three-to-five years away rom production. Hudson Bay also ıas several other mines both in the mmediate area and as far off as the Yukon Territory but they are curently idle because of stiff competition for their particular ore, their small size or inaccessibility.

Copper accounts for 50% of Hudson Bay's dollar sales, zinc for 35%. The prices of these metals have kept Hudson Bay's sales & earnings comparatively low for the last four years. However in 1959-60 the company managed to register some gains over 1958 when sales sank to an eleven-year low of $41,200,000. Total sales in 1960 came to $47,100,000. This is the best showing since 1956 but still far from that year's $61,500,000 when short copper supplies and accelerated Government stockpiling of zinc brought exceptionally high prices. Earnings in 1960 came to only $10,400,000 or $3.75 a share, less than half 1956's $21,000,000 or $7.62 but up from $2.68 in 1958 and $3.59 in 1959. Though the profit margin has been cut from a whopping 34%, it still is an enviable 22%.

Tax Treatment

So far in 1961 copper and zinc prices have weakened still further, despite a slight copper rally in the Spring. Hudson Bay gets 31¢ a pound for its copper today compared to an average 46¢ in 1956; zinc brings only 10½¢ a pound *v* 13½¢. The outlook is brightened somewhat by Canadian tax laws which exempt new mines from taxes during their first three years of production. Last year thanks to Coronation and Chisel Lake, Hudson Bay was taxed at only 26% and this year the rate should be slightly lower still.

Thus in the first half sales were "in the neighborhood" of last year's respectable $24,200,000. Earnings, though not yet fully tabulated prob-

ably reached $1.95 *v* $2.11 a year ago.

As for the full year, secretary-treasurer James Francis McCarthy "can't get enthused." He states: "We've had some improvement in [the price of] copper but with zinc it's been just the opposite. Sales may be just a shade better [than 1960] and earnings will be awfully close." Officer & director McCarthy makes his office on Manhattan's Park Avenue along with president & chairman Cornelius Vanderbilt Whitney. The "head office" of the company is in Winnipeg while the mining office is of course in Flin Flon.

The Whitney family controls about 17% of the 2,758,000 outstanding shares which reflect the metal price trend. Listed on the Big Board under the ticker symbol HD, they trade around 53, far below 1956's high of 99 when record earnings were further enhanced by the discovery of the Snow Lake area orebodies. That year stockholders received $6 a share in dividends which is exactly double the rate now in effect.

Interestingly enough, the current price-earnings ratio of 14 is just about equal to the 1956 ratio of 13. Likewise the shares still yield 5.7% compared to 6.1% five years ago.

TEXTILES

Cluett Restyles Operations

OVER THE YEARS textiler Cluett, Peabody & Company has achieved international renown as well as a profitable operation through the manufacture and sale of Arrow shirts and licensing of its "Sanforized" trademark. But back at the company's Fifth Avenue headquarters, executives have been busy shaping profitable diversification patterns.

A major restyling occurred in February when the shirtmaker arranged to enter the retail field through the purchase (finally consummated in June) of Boyd-Richardson Company, a St Louis clothier with annual sales of about $10,000,000. The acquisition of three Harry Coffee stores in the Fresno-Bakersfield, Cal area with total yearly sales around $2,750,000 followed in April.

And in May the garment manufacturer reinforced its retailing position by obtaining through a stock tender offer 51% of a Chicago retailer with the intriguing title of Lytton's, Henry C Lytton & Company. By next year Cluett will have increased its Lytton ownership to 64% through the additional purchase of 100,000 presently unissued shares.

A Cluett officer says sales of the three specialty chains last year totaled some $28,000,000 and expects similar results this year under Cluett Peabody tutelage.

The Arrow shirtmaker started refashioning its product line 5½ years ago when it acquired male cloak & suiter J Schoeneman Inc. This subsidiary sells its suits, sport coats and slacks mostly under private brand names but also makes & markets nationally "one range of [medium priced] suits" under the Coronado trademark.

Together with West Virginia Pulp & Paper Company, Cluett in 1959 formed Clupak Inc to license

Clupak extensible paper to various paper companies. This paper with "built-in stretchability" (IR, April 15, 1959) was invented by Sanford Lockwood Cluett. The talented cousin of Cluett Peabody co-founder George B Cluett, Sanford Cluett is still a company vp & research consultant at age 87. His greatest triumph, of course, was the cotton shrinkage-controlling "Sanforized" process.

Clupak Extension

At present Clupak counts among its licensees 22 paper producers in the US, Canada, Sweden, Finland, France, Japan and Peru. So far Clupak has found its greatest use in multi-wall sacks and bags; "it accounted for 15% of this domestic market last year, double the production a year ago." But the company is working on applications for filter papers, paper cord and linerboard. Also Clupak research is continuing "in the field of isotropic Clupak paper—paper which stretches equally in every direction."

Cluett Peabody covers the world market through its Arrow International division which includes a British manufacturing subsidiary and six foreign sales offices (including one still operating in Leopoldville). Worldwide sales of Arrow products, manufactured both in the US and at the plants of its wholly owned Canadian subsidiary, have doubled in the last seven years. The New York garment maker also licenses local corporations of those foreign countries "where it is difficult or impossible to import Arrow products."

Cluett Peabody introduced its now famous "Sanforized" process over 38 years ago. The basic US patents expired in 1949 and since then others have been perfectly free to use the identical "pre-shrunk" process. But they could not use the consumer-reassuring "Sanforized" trademark without license. Cluett sharply reduced the license fees once the patent expired which caused royalty income to dip from $5,554,000 in 1948 to a low point of $1,625,000 in 1951 but held on to most of its licensees. By last year the Sanforized division's royalty income had climbed back to $3,100,000—contributed by 339 licensees working on 654 "compressive shrinkage machines" in 44 countries.

The 1½-year-old offshoot "Sanforized-Plus" trademark for wash & wear fabrics is also becoming a large revenue earner for the $70,000,000-assets company. Some 25 domestic textile producers are al-

Cluett in the swim

ready "Sanforized-Plus" licensees. A company official also notes "we are starting now to license this trademark overseas."

However it is the activities of the Arrow domestic division which still put most of the starch in Cluett Peabody sales. The 110-year-old company's aggressively merchandised Arrow and higher-priced "Golden Arrow" shirts now account for about 20% of the total business & dress shirt market. Besides its own newly acquired specialty chains, the New York manufacturer markets its men's & boys' wear through more than 9,000 retail outlets across the country. Securely entrenched as a leading male outfitter, Cluett Peabody is "seriously thinking about going into the women's shirt business."

Casual Accounts

Sales of casual wear including sport shirts, sport knits, walking shorts, swimwear, jackets and sweaters have also made big gains since their introduction in the early Fifties and now "account for a substantial part" of total volume. Productive capacity in Williamsport, Pa was expanded just a year ago to house the growing casual wear operations.

Some well-advertised Cluett Peabody products which debuted recently include the "SDC" (Spin Dry Cotton) wash & wear shirt which claims to "iron itself in the wash," the Decton which is a Dacron & cotton blend shirt and a 100% Dacron tricot shirt called the Dectolene. This March Cluett also introduced a new line of men's knitted underwear sold nationally under the Stride name.

The price of the 983,000 shares of Cluett Peabody common have expanded along with the company's growing activities. They climbed to an alltime high of 74 on the Big Board earlier this year, double the top selling price a decade ago. By now they are about ten points off their peak.

Cluett Peabody also sewed up a nice financial record last year. Although net sales increased only ½ of 1% over 1959 (it would have been 9% if allowance were made for the disposal of the Bud Berman Sportswear division in 1959) to $112,000,000, net income in 1960 was the highest in exactly ten years. Profits totaled $4,907,000 or $4.78 a common share, not up to 1950's lusty $5,690,000 but 31% above 1959 due in large part to greater plant efficiency and a slight increase in "Sanforized" royalty income.

In the first quarter of this year sales were $28,600,000 or 9% more than a year earlier while earnings were up 8% to $1.30. But the early Easter and bad weather this year cut second quarter results and consequently first half sales & earnings are expected to "be about the same" as 1960. And according to Cluett's spokesman, full year results also "will be in the area of last year."

RETAIL TRADE
Grayson-Robinson Gala

AT MANHATTAN'S swank "21" Club a fortnight ago a hundred Wall Street analysts and reporters made up the audience for an unusual fashion show. Featuring style commentary by Betty Furness, Grayson-Robinson Stores Inc presented

its new line of "Paris-styled" ladies' coats "made of fabrics loomed in France and garments manufactured in the US." The coats designed by Monsieur Duval—"a top French couturier who declines to reveal his real name for competitive reasons"—will "be exclusive with our stores." With distribution costs carefully controlled to "provide a marked advantage over competitors," the French-labeled untrimmed coats will sell for $40; the mink or fox-trimmed models for $60.

French-inspired coats are only one of the new styles at New York-based Grayson-Robinson. Last November soft goods merchandiser Maxwell H Gluck, who earlier had been unsuccessful in a proxy fight for control of variety chain H L Green, acquired a 32% stock interest in Grayson-Robinson from its principal owner-executives. The sellers left the firm to "devote themselves exclusively" to Union Square-based bargain seller S Klein Department Stores, an erstwhile Grayson-Robinson subsidiary whose shares (but not management) had been spun off in 1956. Then, at a directors meeting in December, Ambassador Gluck (he served a much-publicized tour in Ceylon in 1957-58) was elected chairman. At the same time associates Stanley Roth, Eugene Frederick Roth (no relation) and C Louis Wood were chosen president, secretary and treasurer respectively.

This January the ambassador—who is also chairman, founder and sole owner of Darling Stores Corp, a chain of 134 specialty apparel shops with yearly sales of some $30,000,000—meshed his company with the 105 apparel stores of Grayson-Robinson. Under a renewable five-year operating & management contract, Grayson-Robinson receives 90% of Darling's operating profits without any investment in fixed assets and without assuming any liability on the latter's leases.

Besides the addition of the Darling chain to the 42 Grayson apparel stores operating in the Western states and the 63 Robinson specialty shops located east of the Rockies, the coast-to-coast apparel vendor has also been in retail photography since the acquisition of Peerless Camera Stores in 1958. At present the photographic division consists of two Peerless stores, nine leased departments in discount stores, a Willoughby store in New York (purchased two years ago) and three "Willoughby at Gimbels" departments in Philadelphia.

The ambassador calls in Paris

Under Ambassador Gluck's ministrations, apparel discount operations have been expanded. Grayson-Robinson now has 25 concessions in various discount stores (such as Towers Marts) and is "definitely committed" to 33 additional units by year's end.

Grayson-Robinson is on a July fiscal year and in the 1960 period reported sales up 13% to $64,000,000 while profits slid to 66¢ from $1.03 "not only because of the additional competition of shop parks and discount houses" but also due to "adverse economic conditions in Southern California where many [of our] stores are located." In fact the second half of fiscal 1960 was over half a dollar a share in the red.

In the first (January) half of this fiscal year, the retailer also fared poorly. While sales were upped a bit to $35,100,000, mostly because Darling's sales were included for the first time for the month of January, earnings plummeted to 25¢ from $1.16 the year before. Chairman Gluck noted "substantial nonrecurring consolidation expenses were incurred."

Last week the company happily reported a 19% sales boost to $70,700,000 for the eleven months through June. But a footnote warned the figures are not comparable with the same 1960 period since the Darling operations were included starting this January. No pro forma totals are available for last year.

States Maxwell Gluck: "It will necessarily be several more months before any of the constructive new programs will have material impact on the operating figures."

Wall Street Stirs th

And Up Come Boats, Wire Rope, Electronics and Corporate Shells

FOR ONE REASON or another, more & more companies are abandoning old names and adopting initials or alphabet combinations based on their old names. Perhaps the whole thing started with the rash of Government alphabet agencies in the New Deal. These new titles usually give no indication of what the company does—hence investors are frequently confused. An abridged directory of such cryptically named corporations is on pages 14-to-17.

Some companies have changed their names because they have sold their assets, including the name, and are now engaged in a different business. One of these, a Western baker called Omar Inc, sold its business and its name, reversed the letters and now calls itself Ramo Inc.

Mergers of two or more companies account for several of the letter combinations. Example: KVP Sutherland Paper, the married name for Kalamazoo Vegetable Parchment and Sutherland Paper. Some companies have taken the initial letters of the former name which no longer accurately represents the diversified activities of the company. FWD Corp for instance now makes an eight-wheel drive vehicle used for transporting and launching missiles which would hardly be in keeping with its old title of Four Wheel Drive Auto.

Not included in this list are two companies whose directors long ago chose letters which were not from

former titles but have significance in their present businesses. The ITE in I-T-E Circuit Breaker stands for Inverse Time Element, an electrical principle which simply means "the stronger the force, the shorter the time." The ABC in ABC Vending is for Always Buy Candy.

Other companies have sold operating assets and become corporate shells awaiting attractive opportunities to invest. One of these has been Natus (National-US Radiator) and its opportunity seems to have arisen; it recently purchased 98% of Kirkeby Corp, a financing business in real estate and industrial fields. On June 27 Natus stockholders voted to change their company's name to Kirkeby-Natus Corp and thus leave the ranks of the alphabet companies.

Another departure is FXR Inc which is now merged with Amphenol-Borg Electronics. Its letters stood for Feldmann, Ramhofer (the founders) and X-ray (original product line). X-ray equipment is no longer an important part of the business which is primarily the manufacture of precision microwave and electronic test and measuring equipment.

Still another ex-alphabetizer is Trak Electronics, which changed its name from CGS Labs. CGS are initials of: 1) the founder, Carl G Sontheimer, as well as 2) the three terms of measurement in the metric system, "centimeters-grams-seconds." Trak is the company's trademark. It represents no mysterious initials but merely a phonetic shortening of tracking, a term used in electronic design.

In some cases alphabet companies have added to the confusion by changing from one alphabet combination to another, or by acquiring another alphabet company. For example, AJ Industries (formerly Alaska Juneau Gold Mining) is out of the mining business except for some Mexican explorations. But it bought among other companies B&N (for company founders Baker and Noel) Manufacturing, maker of doors for mobile homes.

A related trend is adoption of space-age sounding syllables which may or may not be combined with old initials. Thus farm equipper Minneapolis-Moline is now R&D-minded Motec Industries; Motor Products, which garaged its auto parts and among its new ventures added a powerboat builder, calls itself Nautec Corp.

Probably one of the best known abbreviated monikers is Ebasco Services, derived from the initials of its parent, Electric Bond & Share Company. Bond & Share was one of the huge utility empires broken up by the Holding Company Act's Death Sentence clause. Instead of giving up its corporate life, Bond & Share finally managed to convert itself into an investment company (IR, July 19), with engineering & management consultant Ebasco one of its key units.

A number of other prominent companies have engaged in the alphabet game and the trend shows no signs of slowing. One of the biggest name switches took place last month: $313,000,000-assets Food Machinery & Chemical stressed its ever-broadening scope by restyling itself FMC Corp.

AN A B C OF ALPHABETIC NAMES

New Name (Year Adopted)	Where Traded; Approx Price	Former Name	Nature of Business
ACF Industries 1954	Big Board 58	American Car & Foundry	Railroad cars. Cargo containers, RR car leasing, especially piggy-back (co's most profitable operation). Foundry and forge products. AEC projects. Missile and aircraft components, artillery shells.
AJ Industries 1959	Big Board 5	Alaska Juneau Gold Mining	Acquired assets of B&N Mfg in 1960 and now mainly in heavy duty truck parts and other manuf. Supplies elec to Juneau; some mining exploration in Mexico, real estate development in Calif. Alaskan gold mining suspended in 1944.
Alco Products 1955	Big Board 18	American Locomotive Co	Diesel locos still 50% of volume; industrial & marine diesels; heat exchangers for RR, utility, industry, atomic energy; other equipment for chemical, oil industries.
ALD Inc 1947	Over-Counter 17	Automatic Laundry Distributors	Equips, installs, finances, etc independent self-service laundries. Has Westinghouse license for Laundromat name.
AMP Inc 1956	Big Board 28	Aircraft-Marine Products	Solderless electric wire terminals and connectors used in electronics, automation, aircraft, and automotive manufacture. Also related equip for use in radar, guided missiles, etc.
Armco Steel 1948	Big Board 75	American Rolling Mill Co	No 6 steel producer, manufactures oil field machinery and wire rope. Expanded from pure rolling operation.
Avco Corp 1947	Big Board 23	The Aviation Corp	Mostly defense products (60%) including engines, nosecones, communications & control equip. Also owns radio & TV stations; makes some farm equip, Canadian appliances. Investments in airlines & aircraft manufs sold by 1947.
B-I-F Industries 1953	Over-Counter 60	Builders Iron Foundry	Equipment for water filtration, sewage disposal, high octane gas, synthetic rubber, textile plants.
BSF Company 1954	Amex 12	Birdsboro Steel Foundry & Machine	Sold former operating assets in 1954 and bought NY Factors Inc commercial financing business in 1955.
BTL Corp 1960	Over-Counter 70	Butler Brothers	Sold assets & name of merchandising business to City Products Corp (IR, January 4). Now owns holdings in United Stores and McCrory.

C-E-I-R Inc 1959	Over-Counter 54	Council for Economic & Industry Research	Formerly non-profit non-stock company. Changed to stock corp in 1955. Advanced analytical services for industry, business, Govt.
Cenco Instruments 1957	Amex 65	Central Scientific Co	Instruments & gauges for use in schools and oil ind; engineering equip for construction ind.
C-F-M Company 1961	Over-Counter 5	Century Food Markets Company	Recently sold supermarkets in Ohio and Penna to Loblaw Inc. Subsid Bailey Company operates dept stores.
CIT Financial 1945	Big Board 74	Commercial Investment Trust	No 1 independent in sales financing with auto instalment loans (retail) 39% of business, wholesale auto (dealer financing) 11%. Also personal loans, factoring, leasing, insurance. Picker X-Ray subsid manufs X-Ray & radioisotope equip.
Cletrac Corp 1960	Big Board 25	Oliver Corp	Acquired **Cleveland Tractor** in 1944. In 1960 sold farm equipment business including rights to Oliver trade name to White Motor which also has option to purchase co's crawler tractor business including Cletrac name.
CMP Industries 1958	Over-Counter 9	Consolidated Metal Products	Makes ticonium dental alloys, dental equip and supplies, denture base materials and other plastic products; also pneumatic equip for auto servicing.
Dayco 1960	Big Board 14	Dayton Rubber Company	Tires & tubes; V-belt drives for machinery; V-belts for generators, fans, air-conditioners; rubber & plastic hose; latex & urethane pillows & mattresses. Sold tire division to Firestone in March 1961.
DWG Cigar 1946	Big Board 22	Deisel-Wemmer-Gilbert	Cigars, principally in Midwest, Far West, parts of South.
Ekco Products 1944	Big Board 47	Edward Katzinger Co	Baking pans and commercial food handling equipment; also variety of household items. Founder Katzinger's son, Arthur Keating, still chairman.
FMC Corp 1961	Big Board 67	Food Machinery & Chemical	Food handling, industrial processing, oil, agric equipment. Chemicals include phosphates, magnesium, alkalis, fertilizers. Big in defense vehicles, currently M113 personnel carriers.

New Name (Year Adopted)	Where Traded; Approx Price	Former Name	Nature of Business
FR Corp 1944	Over-Counter 20	Fink-Roselieve Company	Medical, dental and photographic products. Also distributes products of others.
FWD Corp 1959	Midwest 8	Four Wheel Drive Auto	Multi-axle-drive trucks; also truck cabs, frames, axles, and transmissions.
Genesco Inc 1959	Big-Board 36	General Shoe Corp	About 75% in shoes; also owns retail outlets. Owns Formfit (girdles); also makes lingerie. Owns several clothing & specialty stores and controls Bonwit Teller, Tiffany, furrier Gunther Jaeckel.
GKB Company 1961	Over-Counter 4	G Krueger Brewing Company	Right to produce and sell Krueger beer recently leased to Narragansett Brewing. Krueger plant to be sold separately.
H&B American 1959	Amex 4	Merger: Susquehanna Mills Inc and H&B American Machine	Operates mainly thru subsidiaries which make home barbecueing equipment and operate community antenna TV systems; microwave relay stations. H&B Machine's founders were **Howard & Bullogh.**
Harsco Corp 1956	Big Board 31	Harrisburg Steel Corp	Steel products, drop forgings, etc. Leader in reclaiming of steel from blast furnace slag.
IMC Magnetics 1959	Amex 11	Induction Motors Corp	Produces non-active components used in instruments, computers, fire control systems, navigational devices and ground support equipment.
KVP Sutherland Paper 1960	Big Board 36	Merger: Kalamazoo Vegetable Parchment and Sutherland Paper	Paperboard, especially for food packaging and waxed, treated and other papers; book matches.
MCA Inc 1958	Big Board 57	Music Corp of America	Produces TV series, makes facilities and financing available to independent TV producers; distributes TV films; represents artists.
Metcom Inc 1960	Over-Counter 16	Microwave Electronic Tube Company	Microwave tubes and devices.
MSL Industries 1960	Big Board 28	Minneapolis & St Louis Railway	Sold all RR assets to Chicago & North Western in 1960. Acquired Stevens Co, distributor of socket screw products. Plans other industrial acquisitions.

NAFI Corp 1959	Big Board 31	National Automotive Fibres	Now mostly Chris-Craft, though still in auto carpeting, upholstery. Acquired oil and gas properties and TV stations.
Nalco Chemical Co 1959	Over-Counter 56	National Aluminate Corp	Leading producer of specialized industrial chemicals, especially for water treatment.
Napco Industries Inc 1955	Amex 9	Northwestern Auto Parts Co	Axles and truck parts, automotive gears; heavy duty trucks and tractors, electric highway sanders. Develops ground support equipment for guided missile program.
Natco Corp 1952	Big Board 14	National Fireproofing Corp	Clay products including tile, flue lining, underground conduit, sewer pipe and brick.
Ramco Enterprises 1960	Amex 14	S Stroock	In 1960 leased its textile assets to the French-American-British Woolens Corp and planned to consider other opportunities.
Ramo Inc 1958	Amex 24	Omar, Inc	Sold baking business, including name. Under new spelled-backwards title, bought assets of Peanut Corp of America.
S&W Fine Foods 1937	Over-Counter 17	Sussman, Wormses	Processes and wholesales food products.
Tenax Inc 1960	Over-Counter 13	Federated Foods	Freezer food service business. Sells home freezers on credit basis & supplies foods as requested by customer. Company took name Tenax when it had ten subsids. Tenax is Latin meaning holding firmly together.
UARCO Inc 1945	Over-Counter 110	United Autographic Register	Multiple-copy stationery & business forms; also sells registers which use forms, accessory devices.
Vangas Inc 1957	Over-Counter 17	Van Horn Butane Gas	Liquefied petroleum gas, equipment and appliances.
Webcor Inc 1956	Midwest 9	Webster-Chicago Corp	Stereophonic hifi phonographs, etc.
Wometco Enterprises 1959	Over-Counter 25	Wolfson-Meyer Theater Enterprises	TV stations, chain of movie houses; confectionery merchandise; operates vending machines.

Delta Flies Through Banner Year

Fiscal '61 Sparked By Early Jet Lead, West Coast Route Award

THE AUDITORS were rushing to finalize their figures last week but it was plain the year ended June 30, 1961 was an eminently successful one for Delta Air Lines Inc, the fifth largest domestic air carrier. Total revenues, which have never stopped climbing since Delta won its first Fort Worth-Charleston, SC airmail contract in 1934, soared to a new high around $146,000,000, a full one-third higher than fiscal 1960 and scarcely comparable to the $12,800,000 of 1948.

In earnings, with $3.64 already stashed away in the first eleven months, it looked like the line had topped $4,500,000 or $4.15-plus a share, including $526,000 (47¢) from capital gains. This is sharply higher than last year's $2,389,000 or $2.53 (including $156,000 book profit on sale of old planes) and the best since the alltime high of fiscal 1956 when a $1,308,000 capital gain boosted net to $4,678,000 ($4.70). Figuring only profits from operations, the year just past matched and possibly exceeded the 1959 record of $4,062,000 or $3.62 a share.

Fiscal 1961 was also a momentous year for Delta in other respects. It was the first full year of jet operation, Delta having been the first domestic line to put into service the Douglas DC-8 in September 1959 and the somewhat shorter-ranged but faster (615 mph) Convair 880 in May 1960. And this Spring Delta won a Southern transcontinental route from Atlanta effective June 11.

These developments plus the jump in earnings have given a jet-age boost to "DAL" shares which had dropped from 36 in early 1959 to 20 a year later. They were back around 35 by the time the CAB transcontinental decision was announced in March, scooted to 60 in May before settling at their current Big Board altitude around 52.

On the year's unfavorable side, the merger of deeply troubled Capital into United Air Lines in June threatened far more powerful competition for Delta (and long-time rival Eastern) on the New York-Atlanta and New York-New Orleans runs. Delta's other major routes run from Chicago and Detroit to Miami, New Orleans and Houston and from Atlanta westward to Dallas/Fort Worth.

Watch Our Dust

Led by president Collett Everman Woolman, an agricultural engineer (Illinois '12) who founded Delta as a pioneer crop dusting service in 1925, Delta leaders readily acknowledge the past year's fine showing was aided by some special factors. The line was the first to introduce jets on all its major routes; with its pure jet fleet, it was not bogged down in the troubles of the turboprop Lockheed Electra flown by Eastern and some other competitors; it was not affected by this winter's airline engineers' strike since it has always used a third pilot (with engineer's rating) instead of an engineer.

Delta still benefits from the mo-

mentum of its jet headstart but competitive service is narrowing the advantage. The revamped "Electra II" is back at full speed; besides, Eastern and other rivals have increasing fleets of pure jets available.

Delta's Cole, Woolman and 880

Recognizing the special boons which gave Delta a strictly above-par showing in a depressed industry year, executive vice president Todd Cole concedes: "If we can do as well this coming year as in fiscal 1961, I think we will be doing all right." Any major gains depend on general business. Leaning back in his chair at Delta headquarters overlooking Atlanta Airport, Todd Cole drawled gently: "No one really knows whether there will be any major economic boom this year, although we all of course expect some continued improvement in business. And the airlines now are much more responsive to general economic conditions than in the past" when the industry's rapid traffic development only slowed down briefly when the economy turned down.

As for Delta itself, while it cannot count on last year's nonrecurring factors, it will have the extra revenues from the Southern transcontinental route. Start-up costs of this new service should be relatively light. Through interchange flights with American Airlines, Delta had already served the California market. And while adding 2,800 miles to Delta's system (now 10,900 domestic miles), the new service required Delta to set up facilities in only four new cities: Los Angeles, San Francisco, Las Vegas and San Diego.

While Delta's route to the Coast from Atlanta-New Orleans-Dallas is "thinner" than the Miami-to-California run awarded to National, Todd Cole reports after the first month: "We are doing reasonably well. It appears it will not require as long a development period as other new markets we were granted in the past. One important reason is the CAB did use more wisdom in not burdening the route with excessive competition." On its non-stop Atlanta-Los Angeles flight Delta has been able to average about 50% load factor. On other flights it can look for good "point-to-point" support from passengers on its long-established segments east of Dallas.

Another plus factor for this coming year is Delta will have completed most of its start-up expenses for introducing jet service. With three more 880s to be delivered by Fall, Delta will have a jet fleet of six DC-8s and twelve 880s supplemented by 20 DC-7s, eleven DC-6s and 26 Convairs. Award of the West Coast serv-

ice will require some additional jets and the announcement should come in early August. While Delta officials are reticent on details, they give much thought to the operating and maintenance advantages of expanding their present fleet rather than adding a third type of jet.

Delta is in good shape to finance new equipment. It has $57,000,000 in serial notes payable through 1974 outstanding on its present jet fleet but it generates about $15,000,000 in depreciation and deferred taxes a year as against a debt retirement need of $5,000,000. Also, it has one of the smallest equity capital bases of any major airline with only 1,100,000 common shares outstanding. Thus, one obvious financing possibility is convertible debentures.

One decidedly unprofitable aspect of Delta operations is the 3,200 miles of international route which extend from New Orleans to Cuba (still served by one DC-7 a week), the Caribbean and Venezuela. The international division lost a little over half a million last year but Delta has not completely written off the run. "We are thinking of perhaps putting a jet into Caracas once a week when we have it available. In this way we will see if we can get service up and make a little contribution to profits."

Domestically, Delta has joined the trend to coach service but keeps a wary eye on the increasing use of lower fare flights with the resultant cut into revenues and profits—unless of course increased travel makes up for the lower cost. Thus, Delta also counts heavily on the offsetting "fact that always in this country there has been a willingness to pay premium price for premium quality. We hope the same philosophy applies to airlines. We are the only airline today to have any jet in all-premium service." Other lines use the 880 in a combined first class-coach configuration; Delta runs it (though not the DC-8) as an all-luxury flight and "hopes we can continue to do so."

But Delta is willing to spend for greater efficiency, on the ground as well as in the air. It has just ordered a SABRE reservations processing system from IBM for delivery starting Spring 1963. This will give every Delta reservations agent throughout the country instant access to the complete flight inventory for up to a year ahead, both for giving information and recording sales, changes, cancellations.

President Woolman counts on the SABRE not only to up efficiency but to boost sales by making cancelled seats available for quicker resale, providing faster information to potential customers and especially by cutting down on errors and duplications. He remarked "industry-wide studies show about 70% of no-shows are due not to the passenger's intention but result from clerical error."

Thus, while the budget-minding air veteran kids "I'm more afraid of the price [$172,000 a month] than of the machine" with its monstrous capacity, he feels it can quickly pay for itself: "Based on last year's schedule—and of course it has expanded now—just one more passenger on every flight would have been worth $3,200,000 in revenues to us."

Hiram Walker Ripens With Age

Distiller's New President Stresses Brands; Notes Rising Liquor Consumption

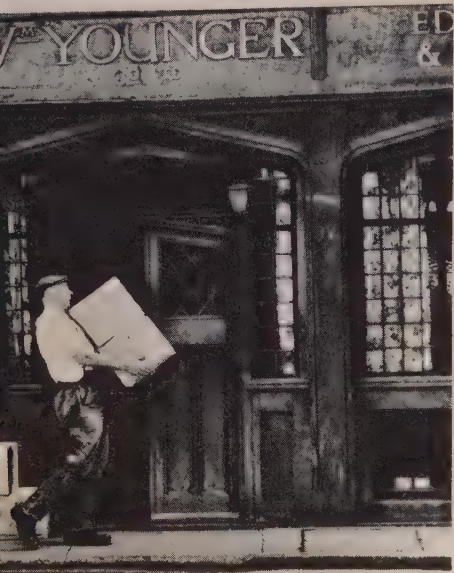
ACROSS the river from Detroit in Windsor suburb Walkerville, Ontario stand the ivy-covered, brass-bedecked offices of Hiram Walker-Gooderham & Worts Ltd. Few cars were in the old distiller's executive parking lot on a recent holiday morning except a silver-blue Thunderbird convertible from Michigan. Its owner, Burdette Edward Ford, had just driven across the Ambassador Bridge from his home in suburban Grosse Pointe to begin a transition to new duties and a new office—president of the $264,000,000-assets, Canadian-based whisky specialist.

As Burdette Ford takes over, Hiram Walker is about to close the books on its 103rd year of spirit making at its Walkerville home. The new president predicts sales for the August fiscal year will show a 4-to-5% increase over last year's record $440,000,000 and expects earnings to show a rise to about $3.05 a share from $25,000,000 or $2.91 a share. Nine-month earnings were up nearly 6% to $18,600,000 or $2.16 *v* $2.04.

Burdette Ford steps into the Walker presidency upon the retirement of 65-year-old Howard R Walton who becomes honorary chairman. Born in Chicago in 1899, Ford graduated from the University of Chicago in 1922 with a PhB degree and, among non-academic plums, the Big Ten golf championship. Trim, short and bespectacled, he still plays 70s golf "three times a week."

After working for a food broker in

Topside view of yeast fermenters



London pub stocks Canadian Club

Chicago for seven years he went to work for Price Waterhouse in 1929. About his switch to Walker he recalls: "Since I took up accounting at a relatively late age and was old for my status with the firm, I felt I wanted to join a corporation. Price Waterhouse handled the US accounting for Walker and knew about an opening there for an assistant comptroller." In 1934 he took that position, two years later became comptroller. He was named a director in 1939, a vice president in 1945.

Besides Ford, top Walker management now consists of three other newly elevated officers: executive vice president H Clifford Hatch, 45 (whose father led a group which bought the company from the Walker family for $14,000,000 in 1926), vice presidents Harold Elliott Harmon, 56, and Ross Corbit, 61.

Behind any tale of Hiram Walker, the distillery, are tales of Hiram Walker, the founder. He was a Massachusetts farm boy who made his first money in Detroit as a grain trader. This led to his first liquor venture, a combined mill-distillery which he built in 1858 in Windsor "to avoid resourceful Michigan prohibitionists." Like most of present management, however, he continued to live in Detroit, commuted across the river by horse & buggy and ferry. An energetic and civic-minded entrepreneur, he built up the community of Walkerville as well as the whisky business, a local railroad and the Milner-Walker wagon works, a forerunner of Ford of Canada.

Today "HIR" as it is symbolized on the Big Board ranks as the No 2 distiller in Canada behind Distillers Corp-Seagrams Ltd. In the US where it rings up 90% of sales it trails Seagrams, National Distillers & Chemical and Schenley Industries in size. However in a perhaps more critical measure, profit margins, Hiram Walker has consistently led its bigger rivals since War II.

Walker stock has also been a good performer since the war. Adjusted for splits of 4-for-1 in 1946 and 3-for-1 in 1958 it has risen from a low of 6 in 1946 to the high this year of 52. Current price is around 50 on the 8,600,000 common shares. Last month HIR hiked both its quarterly dividend and its annual extra (paid since 1950, omitted in 1953) a nickel each to 40¢. This gives a total annual rate of $2 and a healthy yield of 4%.

Hiram Walker's producing facilities include the Walkerville distillery, largest in Canada, and one in Peoria, Ill which with its daily capacity of

122,000 US proof gallons is the largest in the world. The company also owns a 25,000 proof gallons distillery in Buenos Aires which is "doing well." Its leading product is a blended whisky called "Doble-V," Spanish for the Walker "W."

Walker made its first and highly rewarding investment in Scotch whisky affairs in 1930, now ranks second there to the dominant British company in the industry, Distillers Company Ltd. It claims one out of every nine bottles of Scotch sold worldwide comes from its distilleries at Dumbarton. Its principal brands in the US market are Ambassador, Old Smuggler and Ballantine's, the latter the second biggest Scotch seller behind Standard Brands subsidiary Fleischmann's Black & White.

Altogether there are a dozen principal whiskies in the Hiram Walker liquor cabinet, considerably more selective than the over 100 marketed before War II during the "tonnage era" when the company was a volume house less concerned with brands. Besides the Scotches, these include two Canadian whiskies, four US-distilled blends and three bourbons. In addition a small percentage of sales trickles in from gin & vodka, brandy, rum and cordials.

Burdette Ford emphasizes his company "is acutely aware of the importance of building brands." Undoubtedly its biggest prestige success is Canadian Club which ranks second to Seagram's VO in US sales of Canadian blends. Last year Canadian Club producing facilities in Walkerville which had been doubled in 1955 were increased by another 50%.

Among other company favorites the brand-conscious president names Imperial, second most popular domestic blend behind Seagram's 7 Crown; Corby's Reserve blend, Walker's Deluxe bourbon and Ten High, a moderately priced bourbon. Then he adds: "We can't be opportunists about the brands we have but must go on building their stature."

Hiram Walker sales have been in a general uptrend since the war and have increased by one-third in the past decade. Profits have followed a more uneven trend. They hit their peak of $28,000,000 or $3.23 a share in 1950 when volume was $343,000,000 and have been at lower levels ever since. By way of explanation president Ford summarizes: "When we came out of the war profits were good; demand was up, inventories were down and needed rebuilding. Results in 1950 were aided by more liberal rationing of Canadian Club in Canada."

Higher Taxes

Since then not only have US income taxes been higher, but also extra-heavy excise taxes were imposed "temporarily" at the time of the Korean War and have been extended equally "temporarily" every year since. Furthermore "around 1951-52 we got out of the sellers' market we'd had during the war. There's been plenty of whisky and severe competition ever since."

In the next decade Burdette Ford sees no let-up in competition but notes other trends favorable to the industry and to HIR. He notes: "The population is continuing up and consumption per adult has gone up

too. I'm convinced it will go up further—perhaps even faster—as it's tied to disposable income."

Last year US liquor sales rose to a record 235,000,000 gallons, 4% ahead of 1959 but only a slim 1½% over the previous peak of 231,000,000 gallons set back in 1946. And on a per capita basis while last year's consumption of 1.31 gallons a citizen showed a 3% rise over 1959 it was still well below the peace-toasting 1946 high of 1.65 gallons.

In spite of this lack of postwar consumption growth, which is probably exaggerated by the inflated level reached when Americans quenched their thirst after the wartime restrictions, Walker chief Ford is optimistic for the Sixties. Noting he had "just looked at some figures on this," he predicted a 60% increase in US spirits consumption to 295,000,000 gallons by 1970. Such long-range marketing estimates are particularly important for distillers because most whisky for 1970's market will be prepared for aging as early as 1964, some premium Scotches are already laid down.

Profits should be aided by what Burdette Ford calls "trading up," the public's growing taste for higher-priced, higher-profit imported whiskies as income improves. For example "in the past ten years Canadian and Scotch whiskies have doubled their share of the US market and now account for 18½%. We've gotten our share of this trend."

And just in case general business should prove unexpectedly disappointing, the liquor makers could then fall back on the "defensive" nature of their industry. "When times are bad," distiller Ford observes, "people tend to switch to cheaper brands but total consumption isn't adversely affected."

President Ford acknowledges "our costs keep rising every year and with the brand race in our business it is very difficult to raise prices." However, he confirms his faith in the spirits business by reiterating the company's disinterest in the diversification route followed by some competitors—notably National Distillers & Chemical which entered the chemical field in 1951 and now does a 25% nonalcoholic business. "We really believe we have plenty to do right here as we're not satisfied with our position in the industry. Why divert management to something it doesn't know? We're well aware of our problems right here and prefer to stay close to them."

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COIF TRIO

Thanks to the coiffeur skills of $13,000,000-assets Seligman & Latz any gal can have a glamorous hairdo. The New York-based company has provided high fashion hair styling for over half a century. It now operates 301 beauty salons in leading department and specialty stores throughout the US, Canada and Mexico. Each salon is operated under the name of the store in which it is located but in 78 prime establishments like Neiman-Marcus, Garfinkel's and Saks Fifth Avenue, the salons are also identified by the tradename "Antoine."

Surprisingly enough there is a real "Antoine"— a French hair stylist who periodically visits and acts as a consultant in the shops using his name. For the use of his name and services, Seligman & Latz pays him royalties based on the sales gleaned from its "Antoine" salons. This year three new "Antoine" and five other salons will join the Seligman & Latz beauty roster.

In providing its services Seligman & Latz estimates it serves annually some 8,500,000 customers, about 65% of them repeat patrons who request appointments with specific hair stylists. The company credits its successful public standing to its careful selection, supervision and training of salon employes.

In the year ended last October Seligman & Latz services brought in $37,-700,000, a 6% increase over the previous year. Earnings came to $1,-262,000 or $1.60 a share down a trifle from the $1,276,000 ($1.62) earned in 1959. Co-founder & president Edwin Latz explains this was "due to the opening costs of new salons charged directly to operations."

The same trend continued in the April half with sales up 5% to $19,400,-000 but earnings off a nickel to 62¢ a share (chief blame: "poor weather"). Also off a bit were the 784,000 Seligman & Latz common shares which when first listed on the Amex last March traded in the 31-to-33 range. They now sell around 26, still more than double the 1960 over-the-counter low of 12.

WISHING WELL

American children learn at a tender age to wish for what they want—wish on a star, a wishbone, the candles on a birthday cake. The notion that everything comes to him who wishes is implanted early in life.

Unfortunately, wishful *thinking* will get you nowhere at all. Wishful *doing*, on the other hand, can yield some very satisfactory results.

Wishful doing can take two forms—doing it yourself and letting your dollars do it for you. By the latter, we mean putting your spare cash to work, investing in good common stocks. There is some risk in choosing one company out of thousands and backing your judgment with your cash. But life is full of risks that most people willingly accept where there is a reasonable chance of gain. And besides, we'll lend a helping hand if you like.

If you're ready to give up wishful thinking for wishful doing, we have a booklet that outlines the first steps. It's called "*How to Invest in Stocks and Bonds*," and it's yours for the asking. After you've read it, if you need help in making your choice of stocks, we'll be glad to oblige with that, too. Just wish out loud; that's one time when the technique will bring results.

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